



DEPARTMENT OF STATE
BRIEFING MEMORANDUM

SW S/S

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JAN 21 1974

TO: The Secretary
FROM: S/WF - Edwin M. Martin

Preparations for World Food Conference

To inform myself on state of US Government preparations and thinking I have met with officials from all interested US agencies, from UN, IBRD, and FAO and from private agencies in Washington and New York (List at Tab A).

Everywhere I have met a warm reception and a desire to be helpful. Contrary to my previous experience with international economic policy and my expectations in this case, I now predict that more negotiating will be required with foreigners than within US Government. This is reflected in fact that there were no difficulties in clearing with all interested the attached cable (at Tab B) designed both to check out present agency views, inform our missions of where we stand and start the important process of consultation with other governments and the UN agencies. It also will bring you up to date on the present status of the organization of the Conference.

I am setting up a small staff consisting of a junior FSO as my Special Assistant, a senior officer loaned to me by Secretary Butz whom I would propose,

should act as my Deputy, and a food expert loaned to me by Administrator Parker. I see them primarily as channels to the staffs of their agencies and assistants in negotiations. The basic work will have to be done by the permanent staffs of Agriculture, AID and State.

The principal substantive problems I can now foresee are as follows:

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1. Since you called for a World Food Conference and to some extent since the UNGA approved your initiative, the unprecedented increase in oil prices has created an atmosphere of uncertainty in many developing and developed countries concerning their domestic economic health and their international economic relations. Until this situation is stabilized, it may be difficult for governments to undertake or even give serious attention to improvements in the world food position over the next 5-10 years. It will be necessary to watch this closely.

2. Present predictions are for a substantial shortage of production capacity for nitrogenous fertilizers over the next 5 years unless a major capacity expansion program is started soon, running in the order of 30-35 billion according to a recent AID memo. Some of the Middle East oil exporters have not only the capital but flared gas now wasted that can be converted into fertilizer. They lack the technical capacity to build and operate the plants. The WFC might try to launch a collaborative effort to meet this problem although again a political push from you may be required. I might add that it should be possible to persuade the Arabs to export fertilizer to LDC's at special low prices since the possibility of leakage to developed countries is far less than in the case of oil.

3. More immediately, unless adequate action is taken in next few months to assure that reasonable levels of nitrogenous fertilizers reach farmers of major grain producing developing countries, despite general oil shortages and oil and foreign exchange shortages of LDC's, the WFC will only be able to try to deal with emergency food needs, rather than discussing future policies, especially given low levels of stocks held by major grain exporters.

4. LDC's are likely to seek to convert WFC into general development conference and to give much higher priority to trade issues than we think appropriate. On other hand, EC may wish to exclude trade entirely, a position we would regret.

5. In any case it may be difficult to meet the probable expectations of LDC's that the US took the initiative in proposing WFC because it was so concerned about future prospects that it was prepared to undertake major new

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commitments. I don't now see what new actions US is ready to take which would meet these expectations. Due to the oil crisis, other developed countries may be in an even worse position to be positive; in fact, it may be difficult to prevent reductions in their aid flows.

6. A lot of work is still needed to spell out the mechanics of and the incentives for others in the "international network of national stockpiles" of basic foods which FAO has proposed and we endorse as a concept.

7. There are, as yet, no encouraging signs of the willingness of the USSR and China, both highly important in grain production and trade, to participate responsibly in the work of the Conference. We will probably need your help on this later.

8. I fear that, as is often the case, most countries will be represented in the PrepCom by members of their UN delegations, most of whom have more skill and experience at political debate than at solving world food problems. In addition to the use of our missions, I propose considerable travel by the staff and myself to arouse the interest in the WFC of the responsible authorities in the principally interested countries.

Attachments:

1. TAB A - List
2. TAB B - State 10697

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I have met with Eberle (STR), Flanigan (CIEP), Cooper (NSC), and Frey (OMB) in EOP. I have also seen Secretary Butz, Assistant Secretary Brunthaver, Director of Economic Research Paarlberg and a group of other senior officials in the Department of Agriculture, Dan Parker and Maurice Williams in AID, Assistant Secretary Hennessy in the Treasury, and interested officials in State, including Under Secretary Casey, Katz of EB and Morey of IO and our UN Delegation.

In search of outside help and ideas, I have met with McNamara and some of his experts at IBRD and with officials of the Ford and Rockefeller Foundations, the Brookings Institution and the Overseas Development Council.

I have also made contact with a number of UN Secretariat and FAO officials. Between January 21 and February 6, while in Europe completing my work as Chairman of DAC, I plan to visit FAO in Rome and UNCTAD in Geneva and, if possible, the EC in Brussels.